

London Stock Exchange *plc*

a successful and

valuable business

reject OM
Gruppen's bid



London **STOCK EXCHANGE**

A notice of Extraordinary General Meeting is set out on page 21 of this Circular. The EGM will be held at 12 noon on Thursday 19 October 2000 at The Park Lane Hotel, Piccadilly, London W1Y 8BX. Shareholders are asked to complete and return the enclosed yellow form of proxy in accordance with the instructions printed on it as soon as possible. In any event, your proxy must be received by LSE's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 3AH, not less than 48 hours before the EGM.

Corporate Shareholders are reminded that if they intend sending a corporate representative to the meeting, the representative must bring with them the completed, enclosed white Appointment of Corporate Representative Card.

It would also assist if Shareholders would complete and return the enclosed white Notice of Attendance Card.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services Act 1986 immediately.

If you have sold or transferred all of your LSE Shares, please send this Circular, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Schroder Salomon Smith Barney, which is regulated in the United Kingdom by The Securities and Futures Authority Limited, is acting exclusively for London Stock Exchange in relation to the Offer. Schroder Salomon Smith Barney has approved this Circular for the purposes of Section 57 of the Financial Services Act 1986. Schroder Salomon Smith Barney is not advising any other person or treating any other person as its customer in relation to the Offer. Schroder Salomon Smith Barney will not be responsible to any such person for providing the protections afforded to its customers or for advising any such person on the Offer.

For London Stock Exchange, a successful and valuable business, OM's Offer represents...

- a terminal loss of influence
- wholly inadequate value
- an unattractive business proposition

We believe...

- OM's business proposition adds nothing for our customers
- OM offers derisory value for our shareholders

REJECT OM GRUPPEN'S BID

Do not complete any form of acceptance sent to you by OM

Do not return the EGM requisition form sent to you by OM



London **STOCK EXCHANGE**

Don Cruickshank, *Chairman*
Ian Salter, *Deputy Chairman*
Jonathan Howell, *Director of Finance and Operations*
Martin Wheatley, *Director of Business Development*
Gary Allen, *non-executive*
Graham Allen, *non-executive*
Michael Marks, *non-executive*
Peter Meinertzhagen, *non-executive*
Ian Plenderleith, *non-executive*
Simon Robertson, *non-executive*
Hector Sants, *non-executive*
Nigel Sherlock, *non-executive*

25 September 2000

To the holders of shares in London Stock Exchange

Dear Shareholder

Introduction

As explained in my statement at our AGM, a copy of which is enclosed, the London Stock Exchange is not up for sale. Your Board continues to recommend that you reject the OM Offer, for the following principal reasons:

- OM's Offer represents a terminal loss of influence for Shareholders over the London Stock Exchange;
- OM's Offer fundamentally undervalues the London Stock Exchange's pre-eminent market position, its financial strength and its prospects; and
- OM's "business proposition", based on technology, offers no clear benefits and would impose unquantified switching costs.

The London Stock Exchange is a successful and valuable business, the leading European and the most international of all equity exchanges. We believe that OM's Offer is an attempt to buy your Company on the cheap, predominantly using new OM shares, which are of uncertain value. Under OM's Offer terms London Stock Exchange Shareholders, in aggregate, would own just 18.5 per cent. of OM's enlarged fully diluted share capital.

Strategy

As we make the transition from a mutual organisation to a for-profit company, our primary objective is to maximise shareholder value through the provision of high quality, competitively priced services to companies, intermediaries and investors. To do this, the Company will follow a strategy based on:

- building on the strengths of our existing businesses, including the quality and reliability of our trading and information services and our innovative and flexible approach to the development of market structures and services, in order to enhance our strong competitive position in the UK and internationally;
- continuing to invest in the development of new products and services, in order to enhance our position and grow our revenues;
- continuing to manage costs effectively; and
- playing a leading role in the development of the European and other international equity trading markets, on the basis of the Company's strong financial position.

We must be proactive in anticipating and responding to the international trends that are driving the move to a single capital market. It is essential that the London Stock Exchange participates in these developments to ensure that it retains its pre-eminent position.

Whilst the strategic direction is clear, we are reviewing the method of implementation of this strategy. In addition, we have made a commitment that we will execute this strategy only in full consultation with our shareholders and customers.

Management

Following the resignation of Gavin Casey, the Company has initiated a search for a new Chief Executive. The Board has decided that, in the meantime, I will assume executive responsibility, supported by Martin Wheatley, Director of Business Development, Jonathan Howell, Director of Finance and Operations, and the senior management team.

The 4.9% shareholding limit

The 4.9% shareholding limit is an issue which must be addressed in the context of any City Code offer for the London Stock Exchange.

At the time of demutualisation, we made clear that an interim period of stability was required whilst the London Stock Exchange's business evolved and the consequences and benefits of these changes had time to take full effect. It was for this reason, and to ensure continued diversity of ownership, that the Board proposed that the maximum shareholding by any group should not be more than 4.9%.

The Board considers that the reasons for a period of stability, and hence the rationale for the 4.9% limit, remain valid. If the 4.9% limit were removed completely, a purchaser could acquire a blocking shareholding and act in a manner inconsistent with the interests of customers and shareholders as a whole.

However, OM's Offer cannot proceed without the waiver of this 4.9% limit and they have asked London Stock Exchange Shareholders to requisition an EGM which would remove it completely and also remove the normal provisions enabling the London Stock Exchange to require the disclosure of beneficial interests in its Shares.

Your Board will not hide behind the 4.9% limit to thwart OM's, or any other City Code, offer. **Accordingly, an EGM has been convened for Thursday 19 October 2000 to allow Shareholders to vote on a resolution to waive the 4.9% limit in respect of any City Code offer which is declared wholly unconditional.** Shareholders should not, therefore, return OM's EGM requisition form.

Your Board believes that, in these particular circumstances, this is a matter on which Shareholders should vote without being influenced by a Board recommendation.

Notice of EGM

The Notice of EGM is set out on page 21 of this Circular. To be valid, the enclosed yellow form of proxy must be received no later than 12 noon on Tuesday 17 October 2000.

Recommendation

Your Board, with the full support of Schroder Salomon Smith Barney, its financial adviser, strongly recommends London Stock Exchange Shareholders to reject OM's Offer and not to complete and return any form of acceptance or OM's EGM requisition form. In providing advice to the Directors, Schroder Salomon Smith Barney has taken into account the Directors' commercial assessments. Your Directors do not intend to accept OM's Offer in respect of their aggregate beneficial interests in 5,900 Shares.

Yours sincerely



Don Cruickshank
Chairman

OM's bid - a terminal loss of influence

London Stock Exchange Shareholders should understand that OM's shares are tightly controlled...

- **OM's board** includes members who either themselves hold, or represent shareholders who hold, **40 per cent. in aggregate** of OM's issued share capital
- the **Swedish State** owns **9.5 per cent.** of OM's issued share capital, having recently increased its stake
- **Investor**, an investment vehicle of the **Wallenberg family**, owns **15.3 per cent.** of OM's issued share capital

Under OM's Offer terms...

- a holder of **100,000 LSE Shares** would own **0.06 per cent.** of OM's enlarged fully diluted share capital
- **LSE Shareholders in aggregate would own just 18.5 per cent.** of OM's enlarged fully diluted share capital

Control would move away...

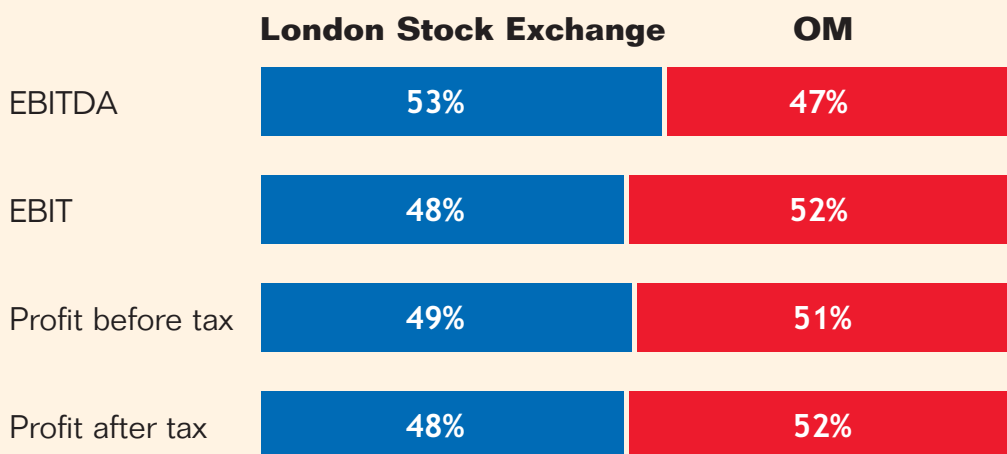
- OM is **incorporated, headquartered** and has its **primary listing** in **Sweden**
- OM has made **no commitment to change** any of this

What level of influence would you really have?

OM's bid - a terminal loss of influence

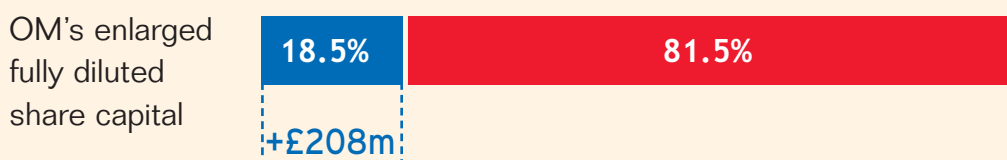
What London Stock Exchange Shareholders would give up...

Relative contributions



What London Stock Exchange Shareholders would get in return...

Resultant shareholdings under OM's Offer terms

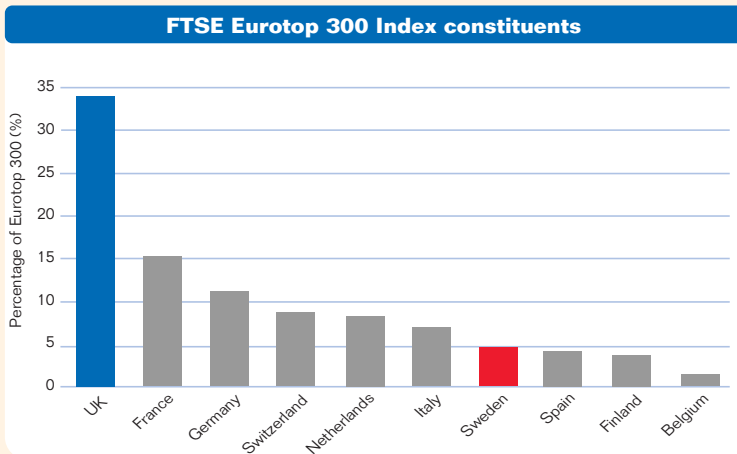


Note: LSE figures based on continuing operations for the year ended 31 March 2000
OM figures for the year ended 31 December 1999
Based on a £:SEK exchange rate of 1:13.38 as used in OM's Offer Document

The value of OM's Offer is derisory

LSE - a successful and valuable business

London Stock Exchange is the pre-eminent European equity exchange and the most international equity exchange worldwide...

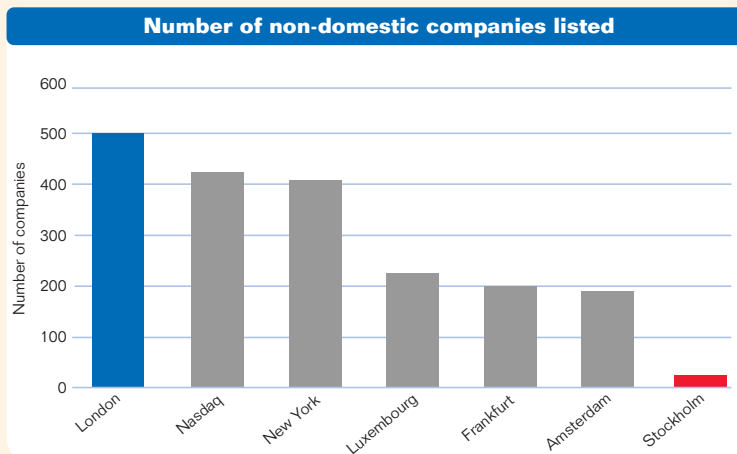


Source: FTSE International Limited

Note: The chart above shows percentage of Eurotop 300 accounted for by individual countries by market capitalisation as at 21 September 2000

FTSE Eurotop 300 is a market capitalisation weighted index of Europe's largest 300 companies

- LSE's equity market interests amount to 34 per cent. of the Eurotop 300 by market capitalisation
- LSE's domestic market capitalisation is almost twice as large as any other European equity market



Source: LSE survey of exchanges

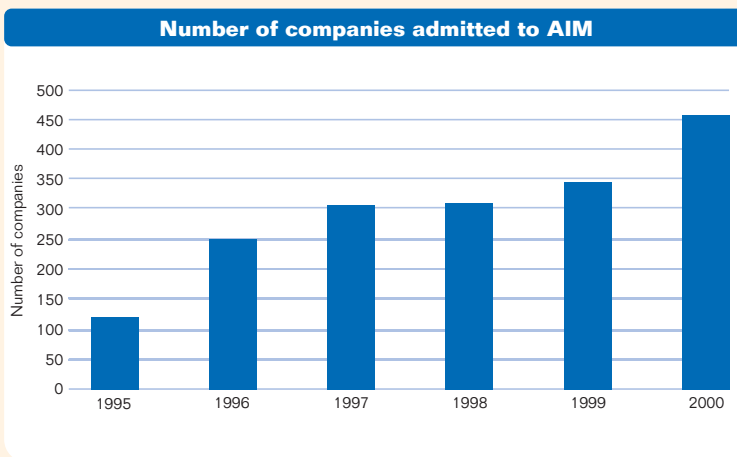
Note: Number of non-domestic companies with a primary listing, a secondary listing or with depository receipts listed on each exchange as at 31 December 1999

- LSE is the most international of all equity exchanges – nearly 500 listings from 63 countries
- LSE has more cross-border equity business than any other exchange

...this pre-eminent position results from the attractiveness of London's markets to companies, intermediaries and investors

LSE - a successful and valuable business

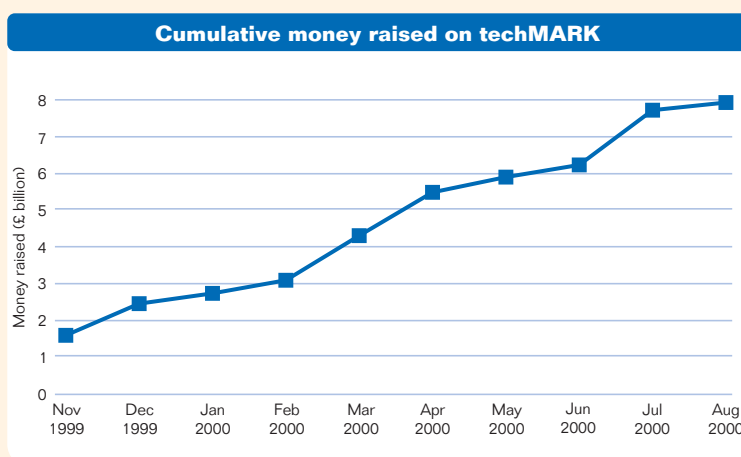
London Stock Exchange serves companies well - London's domestic equity market is a growing and diverse marketplace with successful segments attracting international investors...



Source: LSE

Note: As at 31 December, except for 2000 as at 31 August 2000

- The number of AIM companies has risen from 121 in 1995 to 460
- The market capitalisation of AIM stocks has increased from £2.4 billion as at 31 December 1995 to £17.3 billion as at 31 August 2000
- The AIM index out-performed the world's key indices in 1999, with growth of over 140 per cent.
- Over 70 AIM companies have graduated to the Official List



Source: LSE

Note: Shows month end figures for the cumulative money raised since techMARK's launch in November 1999

- techMARK companies have raised nearly £8 billion since launch in November 1999
- The number of techMARK companies has grown from 180 to over 230
- The FTSE techMARK 100 Index has grown by 58 per cent. since launch
- 35 IPOs on techMARK in 2000 so far

LSE - the pre-eminent equity exchange in Europe

LSE - a successful and valuable business

The financial community chooses London...

London's reputation continues to attract diverse market participants...

- 322 member firms
- 25 new member firms joined so far in 2000

...to its well regulated markets...

- Internationally recognised standards of supervision and regulation
- High levels of pre- and post-trade transparency
- Market rules developed in consultation with customers

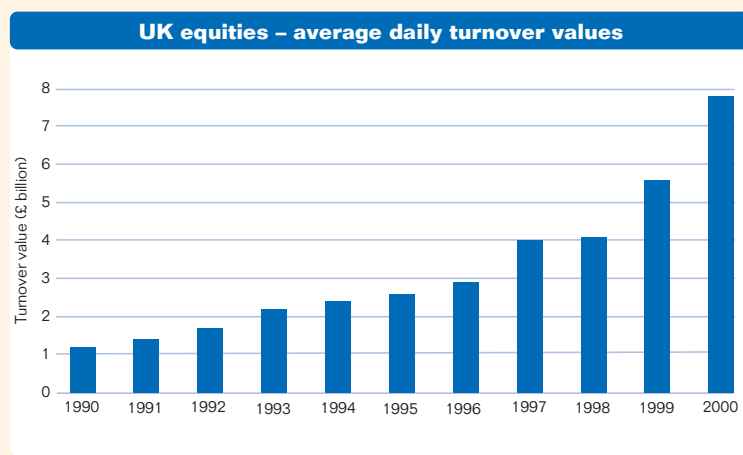
...knowing that the London market has international visibility...

- 71 real-time data vendors and 180 historical data vendors
- Substantial growth with 24 new real-time data vendors and 84 new historical data vendors in 2000
- Over 104,000 terminals worldwide showing London Stock Exchange data at 31 May 2000, an annual increase of 21 per cent.

...based on efficient technology...

- Investment in technology ensures sufficient capacity which has supported a five-fold increase in SETS orders since 1997
- Average number of daily bargains now running at 140,000
- London equity turnover growth of 18 per cent. per annum between 1990 and 1999
- 9 successful systems upgrades

...resulting in London Stock Exchange being...



- Recognised and respected worldwide
- Attractive to companies and investors

Source: LSE

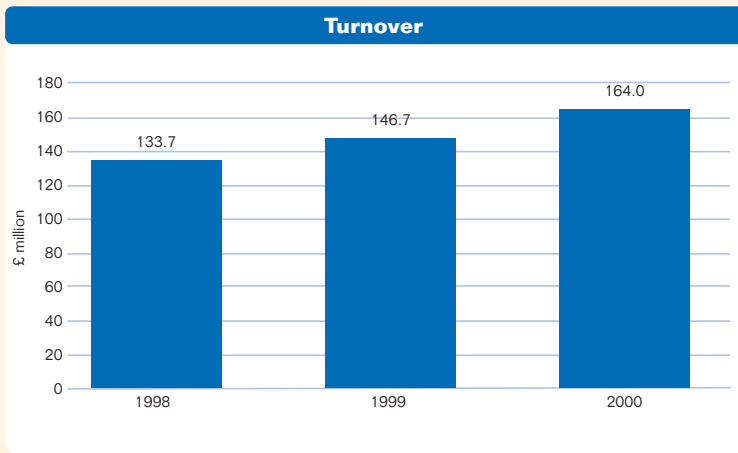
Note: Shows average daily turnover values for year to 31 December, except 2000 to 31 August

London Stock Exchange - confident of continued success

LSE - a successful and valuable business

Business success has led to financial success...

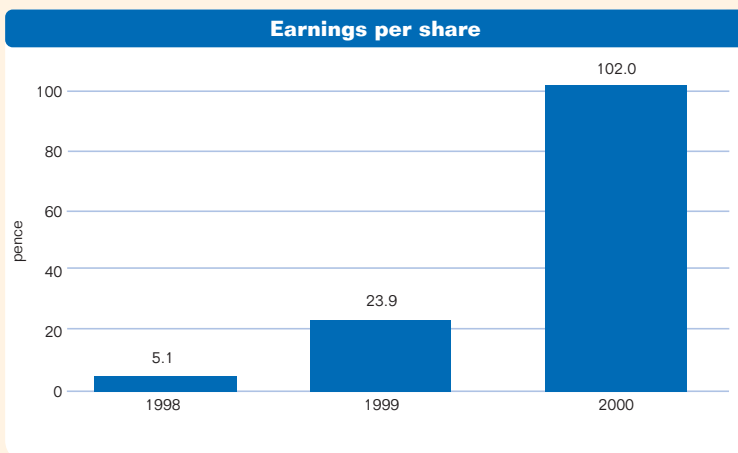
In the years preceding demutualisation, LSE has achieved...,



Source: LSE 2000 Accounts and Information Memorandum

...,for our customers, lower prices in real terms for equity trading...

...while maintaining turnover growth in all major revenue streams...



Source: LSE figures based on continuing operations for the 3 years ended 31 March 2000

...and, in part through effective cost control, has driven up margins and earnings for our shareholders

London Stock Exchange also has a strong balance sheet...

- Significant cash and investments, of £200 million, as at 31 March 2000
- Property assets revalued as at 31 March 2000 at £126 million in aggregate

...and high current levels of activity...

- Trading volumes in recent months (an important driver of our revenue stream) have continued at high levels of around 140,000 bargains per day

...which provides a strong foundation, following demutualisation, for London Stock Exchange to pursue its primary objective as a fully commercial entity to maximise shareholder value

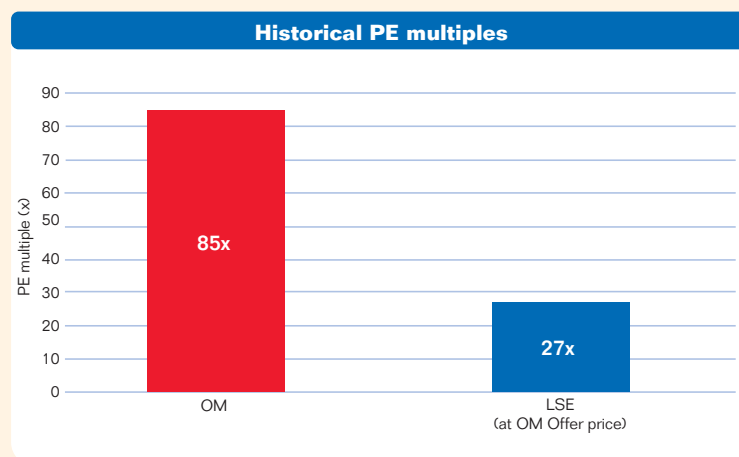
OM's bid represents wholly inadequate value

OM's derisory offer

Around three-quarters of OM's Offer is in new OM shares of uncertain value...

Compare the PE multiples of the OM shares you are being offered and the exit multiples you are being asked to accept

- OM shares are currently trading at
 - 85x historical earnings
 - Over four times the level of one year ago



Note: Share prices based on closing market prices as at 22 September 2000, source Bloomberg

Based on a £:SEK exchange rate of 1:13.98, source FT 22 September 2000

OM earnings per share for the year ended 31 December 1999

LSE earnings per share based on continuing operations for the year ended

OM – a technology company?

- **Only 31 per cent.** of OM's total revenue related to **“technology and systems sales”** in the year ended 31 December 1999
- **“OM Technology”** accounted for **only 10 per cent. of OM's EBIT** in the year ended 31 December 1999

Source: OM Offer Document

How sustainable is OM's current share price?

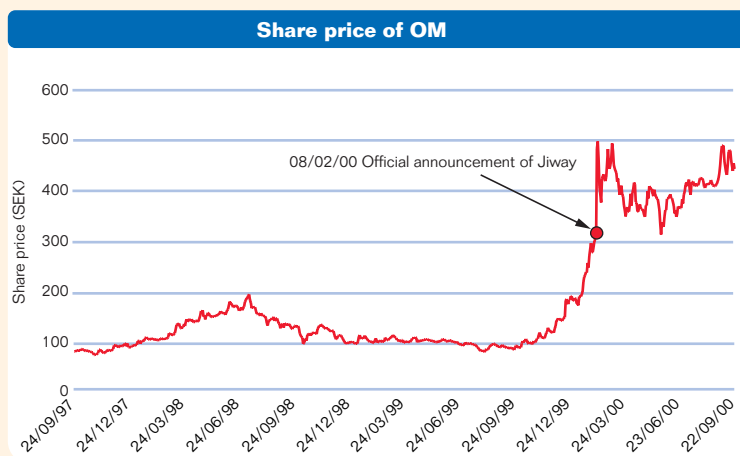
OM's derisory offer

OM's share price has been volatile...

It currently appears to include a significant element of "hope value" in Jiway

- An untested business proposition
- Only scheduled to start operations in November 2000
- 40 per cent. owned by a single US investment bank
- Expected to be initially loss-making

Jiway currently appears to represent a significant proportion of the value of OM shares you are being offered



Source: Primark Datastream

Flowback – a major issue for London Stock Exchange Shareholders

- London Stock Exchange Shareholders are being offered 19.3 million new shares in OM
- The average daily trading volume, over the past year, in OM's shares on the Stockholm Stock Exchange is 185,000
- Would London Stock Exchange Shareholders wish to retain shares in OM?
- The tight ownership of, and level of trading volume in, OM shares mean that flowback from London Stock Exchange Shareholders selling OM shares could have a serious impact on the OM share price

How sustainable is OM's current share price?

OM's unattractive business proposition

OM Gruppen has attempted to demonstrate why its Offer makes sense for London Stock Exchange...

"Full value to LSE's Shareholders"

OM fails

- OM's Offer **fundamentally undervalues** London Stock Exchange

"Secures LSE's position as the pre-eminent European secondary market"

OM adds nothing

- London Stock Exchange is **already** the pre-eminent European and world's most international equity exchange

"Strengthen LSE as the preferred European IPO market"

OM adds nothing

- London Stock Exchange **already** has AIM and techMARK which are rapidly growing and successful IPO markets

"Clearing and settlement"

OM adds nothing

- London Stock Exchange is **already** pursuing an initiative with London Clearing House and CRESTCo to introduce a central counterparty by February 2001
- OM intends to "continue working with CRESTCo and LCH" on clearing and to "continue working with CRESTCo and others" on settlement

"Regulatory simplicity and continuity"

OM adds nothing

- London's markets **already** have internationally respected standards of supervision and regulation

"Enhanced company and information services"

OM adds nothing

- London Stock Exchange is **already** pursuing opportunities to develop its communications network to existing and new customers and develop new automated services
- As OM acknowledges: "LSE is an authoritative source of market information and its information services are an important source of revenue"

OM adds nothing to London Stock Exchange...

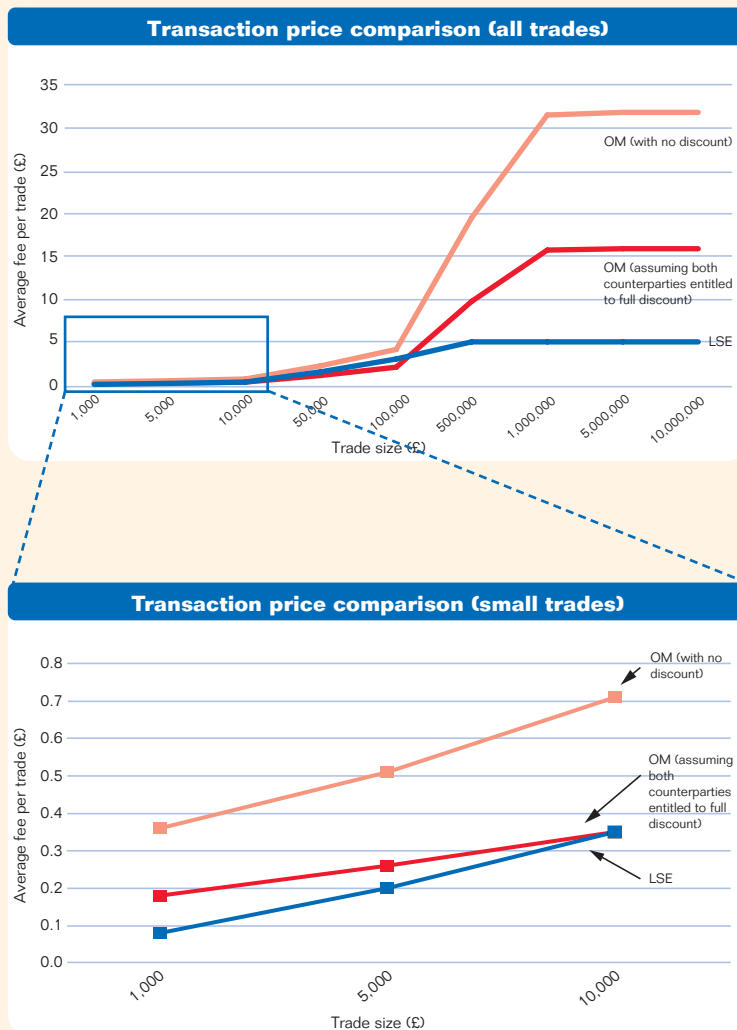
OM's unattractive business proposition

London Stock Exchange already has lower trading charges than OM...

...in particular for larger trades...

...and also for small transactions...

...even after discounts...



Source: LSE price list and OM price list

Note: Order book equity trades. Average of fees payable by both counterparties. Fees vary according to whether counterparty is passive (i.e. leaves a limit order on the book) or aggressive (i.e. hits an existing limit order).

OM operates a scheme whereby members whose total monthly bill exceeds given thresholds are entitled to discounts of up to 50 per cent. This example assumes both counterparties receive a 50 per cent. discount, and so fees are effectively halved.

Based on a £:SEK exchange rate of 1:13.8

LSE already has lower trading charges than OM

OM's unattractive business proposition

On technology...

London Stock Exchange already operates an efficient and reliable trading system and has established a record of...

- Meeting customer requirements in application design and development
- Methodical planning of information technology testing and delivery to a large number of customers on schedule
- High standards of service management and system availability
- Vigorous risk assessment and planning

Would London Stock Exchange's shareholders and customers really benefit from switching to OM technology?

- Unknown migration costs...
- No clear cost or functional advantage...

OM technology which...

- Lacks scale in equity trading compared with London Stock Exchange...
 - ...has a history of delayed roll-outs...
 - ...has a poor record of system availability...

Who really benefits from switching to OM's technology?

**Reject OM
Gruppen's bid**

Additional information

1. Responsibility

The Directors of the London Stock Exchange, whose names are set out on page 2 of this Circular, accept responsibility for the information contained in this Circular, save that the only responsibility accepted by the Directors in respect of the information relating to OM, which has been compiled from public sources, has been to ensure that such information has been correctly and fairly reproduced or presented. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Shareholdings and dealings

In this paragraph, "relevant securities" means LSE Shares or, as the case may be, OM Shares or any other securities of LSE or OM convertible or exchangeable into, or rights to subscribe for, or options (including traded options) in respect of, or derivatives referenced to, such shares. In this paragraph, "disclosure period" means the period commencing on 8 June 1999 (being the date 12 months prior to the commencement of the OM Offer Period) and ending on 22 September 2000 (being the latest practicable date prior to the publication of this Circular).

The interests of the Directors, their immediate families and related trusts in relevant securities of LSE which have been notified by each Director pursuant to Sections 324 or 328 of the Companies Act prior to 22 September 2000 (the latest practicable date prior to the publication of this Circular) and are required to be entered in the register of directors' interests of the Company maintained under the provisions of Section 325 of the Companies Act are as follows:

Director	Number of LSE Shares
Don Cruickshank	2,500
Ian Salter	400
Jonathan Howell	1,250
Martin Wheatley	<u>1,750</u>
Total	5,900

The following dealings for value in relevant securities of London Stock Exchange by Directors, their immediate families and related trusts have taken place during the disclosure period:

Director	Date	Transaction	Number of LSE Shares	Price (p)
Don Cruickshank	27 July 2000	Purchase	1,250	1,970
	27 July 2000	Purchase	1,250	1,970
Ian Salter	24 July 2000	Purchase	400	2,500
Jonathan Howell	24 July 2000	Purchase	400	2,200
	24 July 2000	Purchase	100	2,000
	31 July 2000	Purchase	500	1,950
Martin Wheatley	4 August 2000	Purchase	250	2,000
	24 July 2000	Purchase	750	2,000
	27 July 2000	Purchase	1,000	1,950

Save as disclosed in this paragraph, no Director, nor their immediate families or related trusts owns, controls or is interested, directly or indirectly in any relevant securities of London Stock Exchange nor has any such person dealt for value in relevant securities of London Stock Exchange during the disclosure period.

Neither London Stock Exchange nor any Director, nor their immediate families and related trusts owns, controls or is interested in any relevant securities of OM on 22 September 2000 (being the latest practicable date prior to publication of this Circular) nor has any such person dealt for value in relevant securities of OM during the disclosure period.

Neither London Stock Exchange nor any associate (as defined in the City Code) of London Stock Exchange has any arrangement (including indemnity or option arrangements), agreement or understanding, formal or informal, of whatever nature, with any person relating to relevant securities of London Stock Exchange which may be an inducement to deal or refrain from dealing.

On 22 September 2000 (being the latest practicable date prior to publication of this Circular), the following advisers (excluding exempt market-makers) to London Stock Exchange owned or controlled the following relevant securities:

Additional information

Advisers	LSE Shares	OM Shares
Schroder Salomon Smith Barney (including Citigroup)	500,000 (1.68%)	1,381,500 (1.65%)
Cazenove	300,000 (1.01%)	—

The following dealings for value in relevant securities of OM by advisers (excluding exempt market-makers) to London Stock Exchange have taken place during the period from the commencement of the Offer Period to 22 September (being the latest practicable date prior to the publication of this Circular):

Adviser	Date	Transaction	Number of OM Shares	Price (SEK)
Schroder Salomon Smith Barney (including Citigroup)	16 June 2000	Purchase	9,000	378
	16 June 2000	Purchase	7,400	357
Schroder Salomon Smith Barney (including Citigroup)	16 June 2000	Purchase	28,800	359
	16 June 2000	Purchase	20,000	358
Schroder Salomon Smith Barney (including Citigroup)	19 June 2000	Purchase	27,200	350
	20 June 2000	Purchase	26,000	351
Schroder Salomon Smith Barney (including Citigroup)	21 June 2000	Purchase	32,864	370
	21 June 2000	Purchase	260	370
Schroder Salomon Smith Barney (including Citigroup)	21 June 2000	Purchase	3,129	370
	21 June 2000	Purchase	514	370
Schroder Salomon Smith Barney (including Citigroup)	21 June 2000	Purchase	393	370
	21 June 2000	Purchase	2,068	370
Schroder Salomon Smith Barney (including Citigroup)	21 June 2000	Purchase	772	370
	21 June 2000	Purchase	90,800	365
Schroder Salomon Smith Barney (including Citigroup)	26 June 2000	Purchase	11,500	367
	28 June 2000	Purchase	18,700	373
Schroder Salomon Smith Barney (including Citigroup)	29 June 2000	Purchase	10,000	375
	3 July 2000	Purchase	12,000	395
Schroder Salomon Smith Barney (including Citigroup)	3 July 2000	Purchase	600	395
	4 July 2000	Purchase	10	405
Schroder Salomon Smith Barney (including Citigroup)	4 July 2000	Purchase	5,900	408
	7 July 2000	Purchase	17,200	414
Schroder Salomon Smith Barney (including Citigroup)	13 July 2000	Purchase	10,000	405
	10 August 2000	Purchase	130	413
Schroder Salomon Smith Barney (including Citigroup)	24 August 2000	Purchase	8	413
	20 September 2000	Purchase	1,600	450
Schroder Salomon Smith Barney (including Citigroup)	15 June 2000	Sale	9,000	378
	16 June 2000	Sale	48,000	359
Schroder Salomon Smith Barney (including Citigroup)	21 June 2000	Sale	40,000	370
	21 June 2000	Sale	90,500	365
Schroder Salomon Smith Barney (including Citigroup)	26 June 2000	Sale	12,600	367
	29 June 2000	Sale	18,700	373
Schroder Salomon Smith Barney (including Citigroup)	3 July 2000	Sale	10	395
	3 July 2000	Sale	10,000	395
Schroder Salomon Smith Barney (including Citigroup)	3 July 2000	Sale	5,600	394
	3 July 2000	Sale	4,300	394
Schroder Salomon Smith Barney (including Citigroup)	3 July 2000	Sale	2,700	394
	5 July 2000	Sale	2,000	408
Schroder Salomon Smith Barney (including Citigroup)	5 July 2000	Sale	2,700	408
	5 July 2000	Sale	1,200	408
Schroder Salomon Smith Barney (including Citigroup)	10 July 2000	Sale	17,200	414
	12 July 2000	Sale	10,000	388
Schroder Salomon Smith Barney (including Citigroup)	9 August 2000	Sale	130	414
	23 August 2000	Sale	8	412
Schroder Salomon Smith Barney (including Citigroup)	19 September 2000	Sale	1,600	452

Additional information

Save as disclosed in this paragraph, no subsidiary of London Stock Exchange, nor any pension fund of London Stock Exchange or of any such subsidiary of London Stock Exchange, nor any bank, financial or other professional adviser (including stockbrokers) to London Stock Exchange nor any person controlling, controlled by, or under the same control as, any such bank, financial or other professional adviser (other than exempt market-makers), nor any discretionary fund manager (other than an exempt fund manager) connected with London Stock Exchange, owns or controls any relevant securities of London Stock Exchange or OM nor has any such person dealt for value therein in the period commencing on the commencement of the Offer Period and 22 September 2000 (being the latest practicable date prior to the publication of this Circular).

During the disclosure period, all of the A shares of 5p each in the capital of the Company which were outstanding at the beginning of the disclosure period were redeemed (including those held by Ian Salter, Michael Marks, Peter Meinertzhagen, Hector Sants and Nigel Sherlock) for which each A shareholder was entitled to receive £10,000.

3. Directors' contracts

On 9 May 2000, Don Cruickshank entered into a service agreement with London Stock Exchange to act as Chairman. His initial term of office as Chairman is three years expiring after the AGM in 2003 and is terminable on not less than 12 months' written notice by him or the London Stock Exchange. Don Cruickshank's service agreement as Chairman provides for a salary of £350,000. On a change of control of London Stock Exchange, he has the right to terminate his contract forthwith and to receive a year's salary and benefits in compensation.

Jonathan Howell and Martin Wheatley have each entered into a service agreement with London Stock Exchange. Jonathan Howell's is dated 25 January 2000 and Martin Wheatley's is dated 25 January 2000. Each of the service agreements of the executive directors may be terminated by not less than 12 months' written notice by London Stock Exchange or the Director concerned.

Jonathan Howell's service agreement provides for a salary of £195,000 and Martin Wheatley's of £215,000, both inclusive of a £15,000 car allowance. The Chairman and executive directors all receive benefits in kind, principally private health care and life assurance arrangements. In addition, each of the executive directors is considered for an annual discretionary bonus to reflect their individual contribution and performance. This bonus is awarded on the approval of the senior appointments and remuneration committee of the London Stock Exchange.

The executive directors are members of one of London Stock Exchange's pension schemes. Martin Wheatley is a member of London Stock Exchange's non-contributory pension plan providing benefits based on final pensionable pay.

Jonathan Howell has elected to receive payments of 22.5 per cent. of his base salary into an appropriate vehicle for pensions according to his individual circumstances.

Except as set out above, no Director has a service contract or a proposed service contract with a notice period of more than 12 months and none of the Directors' service contracts have been entered into or amended within 6 months of the date of this Circular.

Save as mentioned above, there is no entitlement to specific compensation payments under the service agreements.

4. Share scheme

The share scheme approved by Shareholders on 15 March 2000 has not yet been implemented. The Board intends to implement the scheme when the Offer Period has ended.

5. Consents

Schroder Salomon Smith Barney, which is regulated by The Securities and Futures Authority Limited, is registered in England and Wales with number 1763297 and has its registered office at Citigroup Centre, 33 Canada Square, London, E14 5LB, has given and not withdrawn its written consent to the inclusion in this Circular of its name in the form and context in which it appears.

DTZ Debenham Tie Leung has given and not withdrawn its written consent to the inclusion of its name in this Circular in the form and context in which it appears.

Additional information

6. Material contracts

The £30 million Mortgage Debenture Stock is constituted by a trust deed made on 18 March 1986 between the Company, The Stock Exchange (Holdings) Limited, The Stock Exchange (Properties) Limited and the Law Debenture Trust Corporation plc, as amended by supplemental deeds. The Mortgage Debenture Stock is repayable on 1 November 2016 and, until repayment, carries interest of 10¼ per cent. per annum.

The Mortgage Debenture Stock is secured by a first legal charge against the London Stock Exchange Tower. If, at any stage, London Stock Exchange disposes of its freehold interest in the London Stock Exchange Tower, it may be obliged to redeem the Mortgage Debenture Stock at a price reflecting the gross redemption yield equal to that of 12 per cent. Treasury Stock 2013/17. As at 31 March 2000, this implied a multiple of 1.65 times nominal value, equivalent to a redemption value of £49.5 million.

London Stock Exchange and its subsidiaries have not entered into any material contract (not being a contract entered into in the ordinary course of business) during the period beginning two years before the commencement of the OM Offer Period. In addition, other than in respect of the Mortgage Debenture Stock, London Stock Exchange and its subsidiaries have not entered into any contract at any time (not being a contract entered into in the ordinary course of business) which contains any provision under which any member of the London Stock Exchange Group has any obligation or entitlement which is material to the London Stock Exchange Group as at the date of this Circular.

7. Property valuation

The property valuation referred to on page 9 was prepared by DTZ Debenham Tie Leung, in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual, based on an Existing Use Value or Open Market Value and amounted in aggregate to £126.4 million.

8. Documents on display

A copy of each of the following documents will be available for inspection at the offices of Herbert Smith, Exchange House, Primrose Street, London, EC2A 2HS, during usual business hours on weekdays (excluding Saturdays and public holidays) from 25 September while the OM Offer remains open for acceptance:

- (i) this Circular;
- (ii) the Memorandum and Articles of Association of London Stock Exchange;
- (iii) the audited consolidated accounts of London Stock Exchange for the two years ended 31 March 1999 and 2000;
- (iv) the Directors' service agreements referred to in paragraph 3 of the Additional information;
- (v) the letters of consent referred to in paragraph 5 of the Additional information;
- (vi) the deeds constituting the Mortgage Debenture Stock;
- (vii) the Information Memorandum; and
- (viii) the property valuation referred to in paragraph 7 of the Additional information.

25 September 2000

Definitions

In this Circular, the following words and expressions shall have the following meanings, unless the context requires otherwise:

“Board” or “Directors”	the directors of London Stock Exchange;
“Cazenove”	Cazenove & Co.;
“Circular”	this document;
“City Code”	the City Code on Takeovers & Mergers;
“Companies Act”	the Companies Act 1985 (as amended);
“CRESTCo”	CRESTCo Limited;
“EBIT”	earnings before interest and taxation;
“EBITDA”	earnings before interest, taxation, depreciation and amortisation;
“Information Memorandum”	the Information Memorandum dated 2 February 2000;
“London Stock Exchange” or “LSE” or “Company”	London Stock Exchange plc;
“LSE Group” or “London Stock Exchange Group”	London Stock Exchange and its subsidiaries;
“LSE Share”	an ordinary share of 5p in the capital of London Stock Exchange;
“LSE Shareholder” or “Shareholder” or “London Stock Exchange Shareholder”	the holder of a LSE Share;
“Mortgage Debenture Stock”	the £30 million 10 $\frac{1}{8}$ per cent. Mortgage Debenture Stock 2016;
“Offer Document”	the Offer Document dated 11 September 2000 from Lazard Brothers & Co., Limited on behalf of OM and addressed to LSE Shareholders;
“OM” or “OM Gruppen”	OM Gruppen AB (publ);
“OM Offer” or “Offer”	the offer for LSE Shares made by Lazard Brothers & Co., Limited on behalf of OM as described in the Offer Document and, where the context so requires, any subsequent revision, variation, extension or renewal of such offer;
“OM Offer Period” or “Offer Period”	the period commencing on (and including) 8 June 2000 until whichever of the following dates shall be the latest: (i) 2 October 2000; (ii) the time at which the Offer lapses; (iii) the time at which the Offer becomes unconditional;
“OM Share”	a share of SEK 2 in the capital stock of OM;
“Schroder Salomon Smith Barney”	Salomon Brothers International Limited, doing business as Schroder Salomon Smith Barney, (Schroder is a trademark of Schroders Holdings plc and is used under licence by Salomon Brothers International Limited);
“SEK”	Swedish Krona; and
“UK”	United Kingdom of Great Britain and Northern Ireland.

Notice of Extraordinary General Meeting

LONDON STOCK EXCHANGE plc

(Registered in England No. 2075721)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of London Stock Exchange plc will be held at The Park Lane Hotel, Piccadilly, London W1Y 8BX on Thursday 19 October 2000 at 12 noon for the purpose of considering and, if thought fit, passing the following resolution as a Special Resolution:

SPECIAL RESOLUTION

THAT the Articles of Association of the Company be amended by adding the following new Article 49(A):

"49(A) Notwithstanding any other provision of the articles, an offeror who has made an offer to the shareholders of the Company to acquire all of the share capital (issued and to be issued) of the Company (other than that already owned by the offeror and its subsidiaries) (the "Offer") in accordance with the City Code on Takeovers and Mergers shall, subject to the Offer otherwise becoming or being declared unconditional in all respects, be entitled to acquire up to all of the issued share capital of the Company upon the terms and subject to the conditions of the Offer (as amended, revised, extended or renewed) and none of the articles suspending voting rights, dividend rights or requiring the transfer of shares in excess of 4.9 per cent. of the issued share capital of the Company shall apply to the shareholding acquired by the offeror pursuant to the Offer and the articles shall thereafter, without any further resolution or consent, be amended by deleting articles 1.3 to 1.5 (inclusive), 1.18, 1.26 to 1.28 (inclusive), 36, 40, 42, 43, 49 to 61 (inclusive), 65.2 and 73."

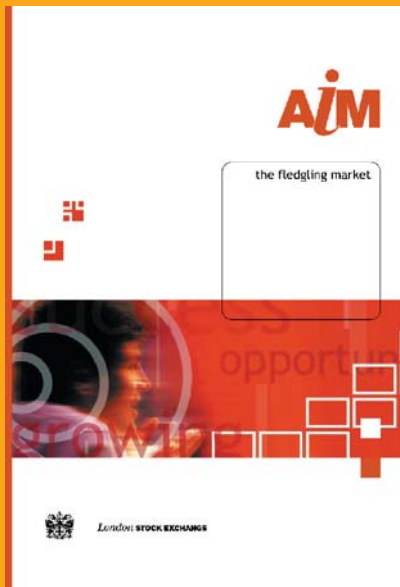
Registered Office:
London Stock Exchange
London EC2N 1HP

By Order of the Board
L M Condron
Secretary

25 September 2000

Notes

1. A shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend at and, on a poll, vote at the meeting instead of that shareholder. A proxy need not be a shareholder of the Company.
2. Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the meeting.
3. The yellow form of proxy enclosed with this notice (and, if applicable, any authority under which it is executed or a notarially certified copy of such authority) must be lodged with Lloyds TSB Registrars, FREEPOST BR 3006 Team 6, The Causeway, Worthing, West Sussex BN99 3AH not later than 48 hours before the time appointed for the holding of the meeting.
4. In the case of joint holders of shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of shareholders of the Company in respect of the relevant joint holding.
5. Only shareholders, proxies and authorised representatives of corporations which are shareholders are entitled to attend at the meeting.
6. Corporate shareholders are reminded that if they intend sending a representative to the meeting, the representative must bring with them a completed white Appointment of Corporate Representative card.
7. It would also assist if shareholders would complete and send in the white Notice of Attendance card.



London **STOCK EXCHANGE**